

**MINUTES OF THE REGULAR MEETING OF THE  
WASHINGTON STATE TRANSPORTATION COMMISSION  
December 14 & 15, 2004**

The regular meeting of the Washington State Transportation Commission was called to order at 1:00 p.m., on December 14, 2004 in Room 1D2 of the Transportation Building in Olympia, Washington.

Commissioners present at the meeting were: Chair Stedman, Ed Barnes, Dick Ford, Elmira Forner, A. Michèle Maher and Dan O'Neal.

**WASHINGTON STATE FERRIES UPDATE**

Mike Anderson, Acting Director, WSF, noted that WSF has moved forward with a number of outreach items. He indicated that he has met with key Legislators that include Representative Murray, Representative Morris, Representative Simpson, Senator Poulsen, Representative Jarrett, Senator Haugen and Senator Spanel. The purpose of the meetings was to introduce himself and provide an update on what has been happening at WSF. He commented that that he feels WSF should be a presence in communities.

Ray Deardorf, Planning Director, WSF, provided an update on the legislative proviso that directed WSF to develop a ten-year passenger strategy for moving passengers across Puget Sound. The proviso directed WSF to look at capacity, passenger only route potential, and what WSF can do in terms of operating and or privatizing passenger-only ferries. Four specific routes were selected; Seattle/Clinton on Whidbey Island; Seattle/Kingston on North Kitsap; and two routes serving the South Sound area; Seattle/Southworth on South Kitsap and Seattle/Vashon Island.

The analysis tested ridership on the Seattle/Clinton passenger-only route. WSF found that very few riders would be attracted, as a result of the Sounder Commuter Rail and optional ferry routes. The analysis also found that Seattle/Kingston and Seattle/Southworth routes did attract quite a few more riders. WSF performed an analysis on jumbo vessel capacity. Mr. Deardorf provided an overview of peak routes and passenger capacity. He explained that there are plans for a private operator to operate a Seattle/Kingston route beginning in January 2005. This will buy WSF a few more years in capacity in the route service area. The South Sound route is more complex based on aging vessels and available terminals. The report to the Legislature will put forward suggestions on how to best utilize vessels on specific routes.

Commissioner Forner asked if tolling on the Tacoma Narrows Bridge would have an effect on ferry ridership. Mr. Deardorf responded that there might be extra demand on ferries in the eastbound direction once the TNB tolls are implemented. If congestion is reduced on the corridor it could have an opposite effect. Commissioner Stedman asked if the Seattle/Kingston route is privatized what would the projected relief on the route be. Mr. Deardorf responded that fare levels and operating cost assumptions indicate that there would

be fairly high fare box recovery rates. In terms of specifics on an individual system it's probably more proprietary. Enhancing passenger only service in the South Sound could begin in March 2007. The proposal would require capital investments, assuming split-shifts and higher fare revenue.

Secretary MacDonald explained that this study began at the end of the last legislative session as a result of Legislative questions about WSF's intentions and visions. This proviso was intended to set the table for future legislative consideration of how WSF would fit into passenger movement across the sound. The Legislature may make policy decisions on the basis of the Ten Year Passenger Study.

Russ East, Director, Terminal Engineering, WSF, provided an overview of major investments in WSF terminals. Terminal programs and investments are driven by a number of things. One of the obvious is the condition of the terminal, which is driven by a life-cycle model. Obsolescence is another driver, as well as changes in ridership patterns and population growth. Facilities become obsolete and no longer serve the function. Traffic issues require new management systems as well. WSF is the second largest transit system, and the most efficient transit provider in the state. Fare box recovery is approaching eighty percent. What this means is that leadership must be emphasized in terms of forming a foundation for going forward.

Key terminal projects are located at Keystone, Mukilteo, Seattle, Anacortes, Bainbridge and Edmonds. These six terminals have severe life cycle rating deficiencies, and if nothing is done conditions dramatically fall off. Terminal issues range from aging dock and terminal structures, parking issues, difficult access, traffic impacts on downtown businesses and poor harbor operations. Benefits of terminal improvements will be to correct local traffic impacts, provide convenient connections to bus and train services, safety improvements for pedestrians and bicycles, parking and greater efficiency of operations. The short-term program goals for Coleman Dock will be to improve passenger experience and generate new revenue, incorporate security improvements and improve signage for out-of-town visitors. Future terminal improvements will be a durable structure, efficient layout for electronic passenger and vehicle processing, improved transit connections, as well as other enhancements. The Department is working closely with the Alaskan Way Viaduct/Seawall Project.

Traci Brewer-Rogstad, Assistant Director, Operations, WSF, briefed the Commission regarding the Mukilteo terminal. There are issues with pedestrian/car conflicts, a lack of transit connections and impacts from traffic on the local community.

Mr. East noted that vessel capacity at Mukilteo when loaded could conceivably overwhelm a Sounder Train with one drop off. The Sounder train has a capacity of approximately two hundred passengers, whereas the Mukilteo ferry's capacity is up to one thousand passengers. Benefits of terminal improvements will be to correct local traffic impacts, provide convenient connections to bus services and Sounder commuter train to Seattle, and service future growth on the route.

Ms. Brewer-Rogstad provided an overview of issues at the Bainbridge terminal. Bainbridge is one of the heavier traveled routes, and is also heavily used by bicyclists. The terminal has deteriorating structures and needs improved pedestrian access. It is the fastest growing route in the system.

Commissioner Ford commented on the turn-around time for ferries at the terminals. He asked if the configuration of the terminals impact the turn-around time of the ferries.

Ms. Brewer-Rogstad stated that WSF is fixed with certain types of vessels serving on certain routes, due to the speed and capacity of the vessel. Comparing different vessels may indicate different data. The point is if WSF does not move forward with these improvements, then the other option is bringing new vessels into the system to improve efficiency, but allowing the terminals to deteriorate creates a risk of losing trips. Mr. East indicated that WSF is moving forward with the next phase of planning for the Bainbridge terminal.

Commissioner O'Neal asked if improving the terminal would increase ferry use at Bainbridge.

Mr. East responded that one of the biggest efficiencies that WSF can provide is building transit access into the facility. The real issue is moving people in and out of the terminal efficiently.

Ms. Brewer-Rogstad provided an overview of deficiencies at the Anacortes terminal. The terminal's building is inadequate for holding and parking. It has difficult access for pedestrians, bicyclists and transit. This terminal is the gateway to the San Juan Islands, and with improvements such as retail sales and greater efficiency of operations this terminal could generate revenue into the system.

Mr. East noted that WSF has community support in Anacortes for the project. This terminal site is owned by the Port of Anacortes. The Department has approached the port to purchase the terminal site. Anacortes is a tourist route during the summer and is extraordinarily busy. WSF is looking for opportunities at the site.

Ms. Brewer-Rogstad provided an overview of deficiencies at the Edmonds terminal. This terminal has a lot of the same issues as other terminals. The largest impact on this terminal is a rail crossing in front of off loading ferry traffic. There are forty rail trips per day with the possibility of an increase to sixty in the future. This creates conflicts to service and also the possibility of increased accidents.

Mr. East noted that the Edmonds project is a bit different based on the fact the project has been lead by the City of Edmonds. WSF has worked closely with the city. The Edmonds site property was recently purchased from UNICAL. The Department has come to an agreement with local tribes regarding impacts to treaty fishing rights. This location would rarely have traffic impacts. The short-term program for Coleman Dock gives WSF the opportunity to demonstrate an attraction as a public center and gathering place. Vendors will be opening soon. The Coleman Dock effort goes beyond retail. It's a facelift to the dock that gives customers a totally new experience.

In 2002/03 WSF began looking at alternatives to providing service to the Keystone terminal. With the retirement of the steel electric ferries it was determined that WSF must look at how to make the harbor work. Smaller vessels and vessel combinations were examined, as well as alternative propulsion systems. It was determined that options were within ten percent of each other. It was concluded that nearly seventy five percent of operation at Keystone is related to the vessel. It was determined that extending the breakwater, and choosing the most appropriate vessel was more feasible.

### **WSF Budget Proviso Reports**

Sam Kuntz, Chief Financial Officer, WSF, provided a briefing regarding legislative budget provisos. He highlighted four provisos, referring to Supplemental Transportation Budget bill, SB 2474. These four proviso require that WSF report to the Legislature: 1) WSF must evaluate the benefits and costs of selling the depreciation rights to ferries purchased by the state in the future through sale and lease-back agreements, 2) The Department must survey possible benefits associated with siting and use of technology and wireless facilities located on state right of way, 3) WSF must implement a new revenue collection system, including the integration of the regional fare coordination system (smart card), and 4) WSF must work with the Departments' information technology division to implement a new revenue collection system, including the Smart Card. WSF completed the studies and reports required by the budget, and submitted them to the Legislature. Updates will also be provided to the Legislature concluding the first December after full project implementation.

During the budget process for 2005/07 a DRI index was used to estimate fuel costs for the current biennium and out through the ten-year plan. In the supplemental budget for this year a \$3 million dollars was requested. For the next biennium the fuel budget was increased by \$11 million<sup>+</sup> dollars. Between June and November the index changed, the coming off of the peak does occur as quickly in the projected prices as it did in June. When this is analyzed the fuel cost budget indicates that from the original proposal in June to the current biennium costs would be over shot by \$18 million dollars. Shortfall for the 2005/07 biennium is about \$21 million dollars. Fuel prices have dropped favorably, but based on model indexes the budget for 2005/07 will have a shortfall of about \$22 million dollars from what was submitted to the Governor. This issue is considered long-term enough that more than one solution should be taken into consideration. Possibly rearranging the capital project list to free up cash next biennium, or a possible under run of the operating budget this fiscal year, which would provide some cash in the fund to help make up the difference. Alternatives must be looked at for the 2005/07 biennium to solve part of the problem. This is a difficult issue. Modeling has been performed from different perspectives, both in timing and amounts. WSF has considered a fuel surcharge of one dollar per car, fifty cents a person, and seventy-five cents for ferry passengers. It has also been modeled as a percentage. The percentage approach would be about ten percent if charged for the entire biennium. WSF does not propose that a surcharge be implemented along with the fare increase. If fuel prices continue to stay above some level, then WSF would propose a ten percent surcharge when the summer surcharge drops off of the fares. WSF is proposing through the Tariff Policy Committee that a five percent general fare increase be implemented May 1, 2005 and

May 1, 2006. A surcharge would be a substantial increase on top of the fare increase. Put into perspective if implemented in October and ran through the balance of the biennium, it would generate about \$14 million dollars, this still leaves a \$7 million dollar gap that would need to be made up some other way. The surcharge proposal will be presented to the Tariff Policy Committee.

Secretary MacDonald explained that there are several different perspectives on fuel cost issues. Fuel charges are outside of WSF's control. This is probably not a short-term situation, and the question is how will fuel costs be dealt with going forward. Finding a way to fund rising fuel costs out of the budget is not the way to go.

Commissioner Ford stated that a surcharge implies "temporary". If in fact fuel costs continue to stay in the higher ranges, then it must be built into the cost structure.

#### **INITIATE 2005/06 TARIFF CODE REVISER PROCESS**

Ray Dearfor, Planning Director, WSF, provided a briefing to the Commission regarding initiation of the 2005/06 Tariff process. The first action in the Code Reviser process is before the Commission today. The Commission must provide permission for the Department to move forward in filing the CR 101 form with the Code Reviser's Office to initiate the process to modify ferry tariffs.

*It was moved by Commissioner Barnes and seconded by Commissioner Maher to approve filling of the CR 101 form that will initiate the process of modifying ferry tariffs. The motion was approved unanimously.*

#### **HOV LANE HOURS OF OPERATION DEMONSTRATION PROJECT: FIRST YEAR REPORT**

Charlie Howard, Director, Strategic Planning and Programming, provided an overview of the evaluation of HOV lane hours of operation demonstration to the Commission. During the summer of 2003 the Department implemented the demonstration projects in coordination with the Federal Highway Administration and local jurisdictions. This demonstration project opened HOV lanes east of Lake Washington to general-purpose traffic between the hours of 7:00 p.m. and 5:00 a.m. on I-405, I-90, SR 520 and SR 167. Today's presentation represents the second report following implementation, and covers the first twelve months of operation. A major focus was placed on safety and transit to make certain that there were no negative impacts. I-5 was excluded primarily because many of the lanes are very narrow, and would have required substantial safety improvements to allow a higher volume of traffic to use the lanes at night. The implementation of the demonstration required operation improvements to guardrails, shoulder rumble strips, raised lane markings and signage at a cost of \$950 thousand dollars.

The Washington State Transportation Center (TRAC) at the University of Washington performed a five-topic evaluation covering the use of HOV lanes. There was a noticeable

increase in the percentage and number of SOV's using the lanes in the evening hours. An analysis of freeway speed and congestion indicated that the HOV lane hours of operation does not show a significant change in lane speed. There was a small increase in violations as a result of the change. While it is premature to conclude that there are no outstanding safety problems with the change there has been no significant increase or decrease in run-off-the-road collisions. Survey data indicates that the public has an improved opinion of the HOV lane network in general. These generally favorable results support the continuation of the same operating policy through the second year of the demonstration project.

During the second year phase the Department intends to perform additional analysis of HOV and general-purpose lane speed and congestion in the period immediately following 7 p.m. to determine if the demonstration project is yielding congestion relief benefits. When additional collision data becomes available it will be determined if the safety improvements have had a positive impact.

The Department will continue to survey the public regarding the operating policy to determine if the upturn in public attitude is attributed to the revised hours of operation. Coordination with transit agencies will continue through the end of the project. Upon the completion of the project in 2005 a final report will be prepared. At that time the Department will obtain input from the Puget Sound Regional Council's HOV Policy Advisory Committee and the public. With this input the Department will present a recommendation to the Commission.

Commissioner Forner asked if the Department could open HOV lanes to general-purpose traffic when freeway traffic is backed up due to an accident. Mr. Howard responded that he would look into the issue.

### **SECRETARY'S REPORT**

Secretary MacDonald noted that the work on the Alaskan Way Viaduct and Seawall Replacement Project's EIS has reached the point where a preferred alternative designation can be made by the Department and the City of Seattle for the tunnel option. The City of Seattle is committed to the tunnel. The Department's preference for the tunnel option is based on the vital preservation of capacity in the corridor. There are other considerations that have to do with the unique opportunity for the central waterfront in Seattle.

Secretary MacDonald briefly touched on some of the issues surrounding Boston's "Big Dig" tunneling project.

Amy Arnis, Deputy Director, Strategic Planning and Programming provided an overview of the Discovery Institute's Transportation Working Group (TWG) recommendation to the 2005 Legislature that \$8 billion dollars be raised over the next ten years through state mechanisms. It was also recognized that there should be a high priority placed on funding the Alaskan Way Viaduct Seawall Project and the SR 520 Bridge and its approaches. TWG went further to say that coordination between agencies needs to be better to make large projects happen, and there is a need to focus on traffic mitigation and other investments during the

construction period and after the projects are completed. TWG also recommended funding for roadway, and non-roadway modes as well.

### **APPROVAL OF MINUTES**

*It was moved by Commissioner Barnes and seconded by Commissioner Ford to approve the minutes of August 18 & 19, 2004 and September 22, 2004. The motion passed unanimously.*

### **NEW REVENUE SCENARIOS**

Paula Hammond, Chief of Staff, WSDOT, introduced the new revenue scenarios. She noted that the Department met with various groups to share input and feedback regarding these scenarios.

Ms. Arnis provided a summary of the four scenarios for additional transportation funding and the use of those funds.

The purpose is to present this new information to the Commission to enable it to determine the appropriate funding and expenditure options to recommend to the 2005 Legislature. The Commission discussed four funding scenarios developed by the Department at the November 2004 meeting. The first three scenarios proposed a gas tax increase ranging from five to fifteen cents; a vehicle license fee increase ranging from \$10 - \$30 dollars annually; a general sales tax increase; and a new bond authority ranging \$900 million to \$2.6 billion dollars. In total the scenarios showed a range of potential new funding over ten years of \$4.6 billion - \$11.7 billion dollars. The fourth scenario provided \$9.6 billion dollars in funding over ten years and assumed a sales tax on gas at the full state rate of 8.5 percent applied to the posted price; a gross weight fee of one cent per pound on passenger cars and larger vehicles currently not paying a weight fee; and new bond authority of \$2.6 billion dollars. Sources and levels can be mixed and matched. The Department assembled a proposal called a "Point of Departure" based on a grouping of revenue options that attempt to reflect several of the comments made at the November 2004 Commission meeting. A richer level in one source can be joined with a leaner level from another source, so long as the desired outcome is achieved. WSDOT's budget proposal does not include the total budget outlook for cities, counties and public transportation agencies across the state. However, the budget does reflect some funding for public transportation. The Department does administer significant federal funds for local governments.

Jennifer Ziegler, Administrator, explained possible restrictions, if any, of 18<sup>th</sup> Amendment revenue sources. She noted that the handout provided indicates any possible effects.

Chair Stedman noted that there are still questions regarding the 18<sup>th</sup> Amendment and sales tax on gas.

Steve Reinmuth, Assistant Attorney General, explained that it depends on how the sales tax is structured. The Blue Ribbon Commission asked for an Attorney General opinion several

years ago. The proposal at that time sounded more like a tax on gas as opposed to a sales tax. If the tax is based on the value of the product and not on the volume of the product then it sounds more like a general sales tax. The 18<sup>th</sup> Amendment has a provision that states “if it’s more like a general sales tax, then it’s not subject to the 18<sup>th</sup> Amendment restrictions”. If it is a tax or a fee on gas or motor vehicles then it is subject to restrictions in the 18<sup>th</sup> Amendment. The bottom line is how it is structured. Other distinguishing factors are; if it’s based on the retail value versus the wholesale value or; if it’s based on a distributor versus the actual purchaser. It’s unresolved until the decision is made which way to go.

Chair Stedman asked if it would be necessary, in this instance, where it’s not protected by the 18<sup>th</sup> Amendment to make certain that if it were adopted that it was adopted by law with a specific use as opposed to a general add on to the state sales tax. Would it be legal to identify the use of the tax.

Mr. Reinmuth stated that if you designate a multimodal account for the funds to flow into, it makes it less like a general sales tax.

Ms. Arnis that there is a bit of quandary on sales tax on gas, because it is believed that the way the law is written can affect how the courts would view whether or not the 18<sup>th</sup> Amendment would apply.

Commissioner Ford noted that the Commission should use caution in recommending a general sales tax that would be up for grabs. If the revenue were protected under the 18<sup>th</sup> Amendment it would be dedicated to transportation.

Ms. Hammond noted that funds for cities, counties and transit agencies have been lumped together. The distribution of those funds/grants would be left up to the Legislature.

Commissioner O’Neal pointed out that this is new money.

Ms. Hammond provided an overview of fund uses by program and jurisdiction.

Commissioner O’Neal asked if selecting the fifteen percent level would be sufficient to get the job done.

Chair Stedman noted that the RTID process is at a standstill, so regional opportunities are unknown.

Commissioner Ford noted that there are citizen groups that are concerned about funding levels for transportation in the state.

Commission O’Neal commented that RTID agreed on priority lists that fell apart when it came time for funding and the voting process.

Chair Stedman asked what is the tax rate that a consumer would pay if the current sales tax, for example, were extended to gas. Ms. Arnis responded that the amount of sales tax would



be about 12.6 cents on the base retail price on a gallon of fuel. Ms. Arnis noted that there are several states that currently apply sales tax to fuel.

What is possible on the determination of the rate under a sales fee. Mr. Reinmuth responded that the more the fee seems like a general sales tax the more likely it would be exempted from 18<sup>th</sup> Amendment restrictions. The Attorney General's Office has provided a formal opinion on this issue.

Ms. Ziegler noted that the Blue Ribbon Commission asked this question. Representative Gary Chandler, at that time, asked the question to the Attorney General's Office based the Blue Ribbon Commission proposal, and that's when the Attorney General's Office laid out specific criteria – basing the tax on the value versus the volume – assessing it at the retail sales rather than the wholesale price. At the end of the discussion the most common theme that comes up is that the clearest answer is simply to remove the exemption, and you enter into a more political discussion of whether that rate of a tax would be palatable to the public. Mr. Reinmuth added that if you want to keep it dedicated to transportation purposes, and to keep it out of the Legislative tug of war – asses a fee on gas that is lower and is specifically related or tied to a particular account.

Commissioner Maher asked that the needs be split into 18<sup>th</sup> Amendment needs and non-18<sup>th</sup> Amendment needs. She expressed that she has some concerns regarding the agricultural community. Ms. Hammond responded that the Commission must determine the ranges of funding. Does the Commission want revenue put into freight and rail. Chair Stedman noted that if freight and rail are important to the level of funding, then it should be included, and left to the Legislature to make the decision.

Commissioner Barnes suggested that there be more consideration of alternative types of taxes/fees.

Commissioner Forner commented that she appreciates the fact that more than a gas tax is being considered in the scenarios. There needs to be a major distinction between transportation funding and other funds in order for the public to understand.

Commissioner O'Neal commented that there should not be limitations put on the imagination for using tolls.

#### **PUBLIC AND LEGISLATOR COMMENT PERIOD**

Chair Stedman referred to several emails that the Commission received regarding the Port Angeles Graving Dock site.

Paul Locke, citizen, stated that it's obvious that there is not enough money to pay for all of the projects. He expressed that there is no way that we can continue what we are doing.

Scott Merriman, Washington State Association of Counties, stated that it's a good tool to have the revenue scenario discussion. The question is whether or not it's the right mix of funding choices. He suggested that some of the numbers might possibly change. Cities and Counties have been working together and have come to an agreement to ask the Legislature for five cents or its equivalent for direct distribution. There will also be a request for additional program money. This will also include budget requests from other transportation partners; FMSIB, TIB, and CRAB. In the past, federal funds allocations have gone to local governments. If it is suggested that these funds be placed elsewhere, there will need to be a conversation.

Ashely Probart, Association of Washington Cities, explained that the city/county family has been making a pitch for transportation funding around the state. Cities continue to express the need for STP funds. There are enormous preservation needs within cities and counties.

Jim Shipman, Washington State Transit Association, commented that today's presentation has been an excellent tool. He noted that there are preservation dollars that do not appear in the funding scenarios. There is also the dilemma that everything in this particular proposal is sales tax dependent. The areas of uses that have been chosen are right on the mark.

Mr. Merriman noted that local option fees are also being examined. The Association of Counties is very supportive of all options that helps or manages transportation.

### **NEW REVENUE SCENARIOS**

Ms. Hammond provided an overview of "Nickel" projects where a portion of the project was left unfunded. There is a \$14.6 billion dollar need for "Nickel" projects that were partially funded.

Two projects that will give you an idea on the scale and need, and are not in the "Nickel" fund are I-90/Snoqualmie Pass and I-5/Columbia River Crossing.

Chair Stedman iterated that the revenue package would be ready for review and approval by the Commission at the January 2005 meeting.

Commissioners expressed concerns regarding funding for preservation and maintenance.

Chair Stedman noted that the Commission recommends that the Legislature find a number that its happy with based on all of the demands without the Commission getting into all of the specifics.

Commissioner Forner expressed her disappointment that these proposals do not match the WTP funding needs. There should not be a compromise. Provide the picture to Legislature and then let it sort it out.

Commissioner O'Neal noted that it should be recognized that this is all in the face of a projected \$1.5 billion dollar deficit for the state. We must also recognize that transportation investments impact the economy of the state.

***It was moved by Commissioner O'Neal and seconded by Commissioner Maher to propose that \$11.7 billion dollars be used as the baseline level for the 2005-07 transportation funding package. The motion passed unanimously.***

Ms. Arnis indicated that there are several possible ways of mixing to get to the \$11.7 billion dollars; the fifteen cent gas tax level, \$2.6 billion dollar bond level, the gross weight fee level and the sales tax on gas, but on a lower level and also the sales tax on vehicle parts and services at the medium level. These are possible ways of navigating through the different scenarios.

### **WASHINGTON COMMERCE CORRIDOR PROJECT UPDATE**

Barbara Ivanov, Director, Freight Strategy & Policy, provided an update regarding the draft findings from the Washington State Commerce Corridor Feasibility Study. Ms. Ivanov introduced Tom Jones, Consultant, from Wilbur Smith.

The Legislature funded this effort because of the growing recognition that western Washington may need additional capacity. This study was performed to answer several issues. It is understood that long-haul truck traffic is growing along the corridor, and that freight rail has emerging capacity needs. The Ports of Tacoma and Seattle have significant anticipated trade growth as well. We all know that there is insufficient funding to expand the transportation system. All of these issues drove the interest in this study. The state's energy needs were also taken into consideration. The geographic scope of the study was limited to Lewis County reaching north to the Canadian border.

The Legislature posed several questions in the study: 1) Is it possible to build an alternative passenger and truck transportation route to I-5, in a corridor that includes rail and utility transport; 2) What are the legal, environmental, community and financial issues involved in such a complex project; 3) Is the private sector willing to finance the facility.

It was determined that the full commerce corridor concept is not feasible. The energy sector showed little interest based on the proposed corridor location. There was no interest from rail based on the fact that ninety-five percent of BNSF's freight traffic through Washington moves east-west, not north-south. A passenger vehicle toll highway isn't feasible based on current short-haul, not long haul. There's not enough long-haul truck volume heading north to support a toll facility, although there may be enough heading from central Puget Sound southbound. This would require some type of private/public partnership. The study indicated that the environmental review processes in Washington are not able to handle a project of this scope. The full cost of the commerce corridor is too high at \$41 billion - \$50 billion dollars. The number one recommendation of the study is to reduce the complexity of the proposal. Freight alone should be the focus where demand is greatest between Central

Puget Sound and Oregon/California. Pursue a multimodal freight corridor strategy for Western Washington, tied to plans in Canada, Oregon and California. Conduct a detailed feasibility analysis of a public/private truck freight corridor between greater Seattle and Chehalis, and possibly south to Oregon. These recommendations apply to the big corridor concept. Public/Private transportation legislation is not robust enough to handle a project of this size. An entity would need to be created to coordinate significant energy corridors. A more streamlined environmental review and permitting process would also need to be created.

Mr. Jones commented that people did not really understand that the study was conceptual.

Ms. Ivanov noted that there would be no further analysis performed on the commerce corridor.

### **HOOD CANAL BRIDGE UPDATE**

Secretary MacDonald opened the presentation explaining that there are challenges that lay ahead on this project. He thanked everyone that has been involved in the project.

John Conrad, Assistant Secretary, Engineering and Regional Operations, WSDOT, thanked all of those involved in this project. He shared that everyone involved has been profoundly affected professionally and personally by this project. Where we are now with the project is directly related to the background history. The original Hood Canal Bridge sank in 1979. The bridge was closed for a couple of years while a replacement bridge was constructed. In 1981 the west half of the bridge was replaced. In 1997 a condition assessment study was performed on the bridge. Since then the mechanical operations of the bridge have deteriorated. There is a loss of concrete from the structure itself. The objective of the project includes replacing the east half of the bridge that involves fourteen new pontoons, new anchors, and also refurbishment of three pontoons that have been in storage since 1979. The bridge would be replaced with a wider roadway, and widening of the roadway on the existing west half. The electrical and mechanical systems would be replaced on the entire bridge. There would also be a leak detection system installed in the pontoons.

To minimize bridge closure all of the pontoons need to be assembled with the roadway structure on them before they are floated in. Putting the roadway structure on the pontoons requires that they are moored while the work is done. When permitting was taking place it was found that the Endangered Species Act had an impact on the project as well. Construction windows also complicate it further. The bottom line is a site is needed to construct the pontoons somewhere in Puget Sound, preferably near the bridge. A site will also be needed to construct the anchors for the pontoons.

Randy Hain, Regional Administrator, Olympic Region, WSDOT, provided an overview on the selection of the Port Angeles Graving Dock site. During the development of the contract there was a need to insure that private bidders could accomplish the work. The Department needed to find one site that could meet the purpose of the project. In the initial search for sites to meet the need, there was no apparent site that offered the ability to fabricate the

pontoons and anchors all at once. A lease option was held out with Concrete Tech that pontoons could be built. A site was then sought to build the anchors. The entire Hood Canal Bridge Project was nominated and selected as a pilot project for the TPEAC process. As various sites were considered it became apparent that the Port Angeles site could serve not only the purpose of building anchors, there was also sufficient property to build the pontoons. All of the mitigation was with natural resource agencies.

Mr. Conrad noted that Port Angeles officials approached the Department to advise them that there were thirty-two acres available in the Port Angeles area. When the Department looked at the site it became apparent that both the pontoons and anchors could be built at this site. It also satisfied some permitting challenges. In November 2002 Port Angeles was chosen as the appropriate site subject to permitting and purchasing. Initially the Department intended to lease the site, but through negotiations, the Port of Port Angeles requested that when the project was completed all of the graving dock would need to be removed. This cost would have been above purchasing the site and leaving the dock there permanently. So, it was determined that it would be more feasible to purchase the site based on the fact that this site could be used for building the pontoons for the SR 520 Bridge as well. A private consultant, Western Shore Heritage Services, was hired to perform an archeological site survey. The focus of the survey was historical research. Western Shore conducted trenching and deep bore locations on the site. It was from that collection of information that Western Shore Heritage produced a report indicating what the potential for archeological resources on the site might be. Portions of the site were limited from trenching or boring because of concrete pads. Western Shore Heritage concluded that there was no evidence of significant archeological resources to be found on the site, however, due to the historical research and the knowledge that there were tribal villages throughout the shoreline a recommendation was made that the site be monitored with an archeologist during construction activities. The report was transmitted to the tribe and other players in the process. The tribe agreed to proceed with monitoring of the site. The Lower Elwha Klallam Tribe also had a report prepared to identify potential tribal villages on the shoreline. The report indicated that the footprint of the graving dock site did not appear to be at the location of an Indian village. A contract was created that included the monitoring activities and site work began. Five days after the groundbreaking a site inspector found the first indication of possible cultural resources, two days later the first human bone was found, and the site was shut down.

Colleen Jollie, Tribal Liaison, WSDOT, explained that a team was formed to look at what needed to be done regarding the issues surrounding the graving dock. At that time Secretary MacDonald determined to shut the job down and take a closer look. Secretary MacDonald noted that the site had been so disturbed over time that one of the emotional issues for the tribe was whether a body had been disturbed.

The tribe's spiritual advisers advised that "trouble had been stirred up and that it needed to be put straight". The Department and tribe worked together to create the archeological site assessment. The site was deemed eligible to be placed on the register for historic places, a site treatment plan and a Memorandum of Agreement (MOA) were negotiated between the Department and the tribe. Parties agreed that land would be located for interment of the

remains, and the Department would assume the costs as per the MOA. A lump sum mitigation cost of \$3.4 million dollars would go to the cost of purchasing property for the burials, curation of artifacts, tribal staff costs, legal and archeological consultants and the cost of appropriate ceremonies. The tribe released the State of Washington from future litigation or liability in the process of doing this.

Chair Stedman asked why there was no discovery by Western Shores Heritage at the beginning of the project.

Ms. Jollie responded that the intact archeology was buried at least six feet deep.

Commissioner O'Neal commented that he was impressed by the relationships of all parties involved at the site.

Commissioner Forner commented that the property was purchased from the Port of Port Angeles. In the past it had been an industrial site there. She asked if anything had ever been reported on the property.

Mr. Conrad responded that a cultural resource survey had indications of a historic village. There may have been articles in newspapers that identified that possibility.

Ms. Jollie responded that in the 1950's the Peninsula Daily News reported that during the mills construction hundreds of bones had been found during excavation.

Commissioner Ford asked if the Department is required to carry through on future archeological work.

Mr. Conrad responded "no".

Mr. Hain explained that during the process the tribe asked for a guarantee that all burials would be removed from the site. This left the Department with making a decision through the dispute resolution process. The Department asked the Federal Highway Administration (FHWA) to make a determination regarding the limits of the MOA and the STP. The FHWA determined that the limits covered by the MOA are the limits of the construction excavation. With that the Department requested a specific practical proposal from the tribe. The tribe then urged that the Department move to another site.

Secretary MacDonald commented that it is premature to guess what the decision will be, but it is likely that the site will be abandoned.

Chair Stedman asked if the tribe is interested in utilizing property outside the boundary of the graving dock site for burials.

Ms. Jollie responded that there are historical villages all along shoreline.

Secretary MacDonald stated that this is lessons learned. The Department has strengthened its cultural resources program as a result of this.

Mr. Hain explained that the work is continuing at the bridge site. There will need to be a new plan for building the pontoons and anchors, and then moving them to the bridge site. Other issues are the permitting and construction challenges. It is a critical concern that the bridge is progressively deteriorating along with new concerns about the integrity of the anchor cables. There are three options with many variables available to continue the project. Each of the options has its risk.

The Commission meeting adjourned at 5:00 p.m., on December 15, 2004.

**WASHINGTON STATE TRANSPORTATION COMMISSION**

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DALE STEDMAN, Chair

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DANIEL O'NEAL, Vice-Chair

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EDWARD BARNES, Member

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DICK FORD, Member

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ELMIRA FORNER, Member

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ROBERT S. DISTLER, Member

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A. MICHÈLE MAHER, Member

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DOUGLAS MACDONALD, Ex-Officio Member  
Secretary of Transportation

ATTEST:

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JENNIFER ZIEGLER, Administrator

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DATE OF APPROVAL